

CONNECTICUT SCHOOL FINANCE PROJECT

Testimony Regarding H.B. 7150, *An Act Implementing the Governor's Budget Recommendations Concerning Education*

Katie Roy, Executive Director & Founder
Education Committee
Friday, March 1, 2019

Chairmen McCrory and Sanchez, Ranking Members Bethel and McCarty, and distinguished members of the Education Committee:

Thank you for the opportunity to submit testimony on H.B. 7150 and discuss Governor Ned Lamont's education budget recommendations.

My name is Katie Roy and I am the executive director and founder of the Connecticut School Finance Project, a nonpartisan, nonprofit policy organization based in New Haven that works to identify solutions to Connecticut's school and state funding challenges that are fair to students, taxpayers, and communities.

The governor's proposed budget builds on work done by the General Assembly over the past few years to improve Connecticut's school finance system and make the distribution of state education funding more equitable and transparent.

Specifically, the governor's proposed budget maintains the structure of the new Education Cost Sharing (ECS) formula¹ that began being implemented this year, uses updated student and town data, and uses a more inclusive and more accurate method for identifying low-income students to better direct resources to higher-need students.

These are steps forward for state education funding and are critical for Connecticut to ensure all public school students are being funded fairly and based on their learning needs.

Maintaining Structure of ECS Formula and Using Updated Student & Town Data

After years of not faithfully using an ECS formula and instead funding local public schools through block grants, in October 2017, the Connecticut General Assembly passed a new ECS formula as part of the state's biennial budget for fiscal years 2018 and 2019. This new formula began being implemented this fiscal year (FY 2019) and the Connecticut School Finance Project is encouraged that the governor's proposed budget maintains the structure of this formula and sticks to a realistic phase-in schedule that reflects Connecticut's current economic and fiscal needs.

¹ For more information about the new ECS formula, please see our website at www.ctschoolfinance.org/ecs-formula.

We are also encouraged to see the governor's proposed budget uses updated district and town data in calculating town ECS grants. Using annually-updated student and town data when distributing ECS grants to towns is critical to the successful implementation and execution of the formula, and ensures the formula is effectively distributing state education aid to the students and communities with the greatest needs.

Improving How the ECS Formula Counts Low-income Students

We are particularly pleased to see Governor Lamont's proposed budget improves how low-income students are counted, for purposes of the ECS formula, by using a more inclusive and more accurate method for identifying these students.

Currently, under the ECS formula, low-income students are identified — for purposes of allocating additional funding through the low-income student weight and the concentrated poverty weight — based on whether they are eligible for the National School Lunch Program (NSLP) of the U.S. Department of Agriculture, known in Connecticut as free or reduced price lunch (FRPL).

The NSLP is in the process of transitioning to a new, more accurate method of determining whether students are eligible for free or low-cost meals. Previously, students' families were asked to complete paper forms stating their family income and return them to school. Now, students are "directly certified" by their school district as eligible for FRPL if they are enrolled in the Supplemental Nutrition Assistance Program (SNAP), otherwise known as food stamps; Temporary Family Assistance (TFA), otherwise known as cash assistance; state- or federally-funded Head Start programs; or children's Medicaid, otherwise known as HUSKY A.

As a result of this change, the old method of counting low-income students has become inaccurate and needs to be updated to the new direct certification method.

The governor's proposed budget makes this necessary update by changing the proxy of low-income students, for the purposes of the ECS formula, to students who are directly certified for FRPL. As a result of this change, the ECS formula would more effectively and accurately provide critical resources to Connecticut's higher-need students.

Four states, including Massachusetts,² have already changed to this new method of counting low-income students, and 17 other states are in the process of transitioning to the direct certification method.³

The Connecticut School Finance Project urges the Education Committee to support this change, and we are happy to answer any questions you may have about it and how it

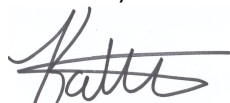
² Commonwealth of Massachusetts, Department of Elementary & Secondary Education. (2015, July 16). Information Services – Data Collection: Redefining Low Income – A New Metric for K-12 Education Data. Retrieved from <http://www.doe.mass.edu/infoservices/data/ed.html>.

³ U.S. Department of Education, Institute of Education Sciences, National Center for Education Statistics. (2019). Public Elementary/Secondary School Universe Survey Data – 2016-17 Lunch Program Eligibility (v.1a). Available from <https://nces.ed.gov/ccd/pubschuniv.asp>.

may impact the schools in your district. Additionally, attached to my testimony is a one-pager detailing this technical change, which is also available at www.ctschoolfinance.org/assets/uploads/files/Updating-How-CT-Counts-Low-income-Students.pdf.

Thank you again for allowing me the opportunity to provide testimony on H.B. 7150 and some of the items in the governor's proposed education budget that the Connecticut School Finance Project is encouraged by. Please feel free to reach out to me via the contact information below should you have any questions or would like more information.

Sincerely,



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About the Connecticut School Finance Project

Founded in June 2015, the Connecticut School Finance Project is a nonpartisan, nonprofit organization that strives to be a trusted and independent source of accurate data and information about how Connecticut funds its public schools. The Connecticut School Finance Project aims to incorporate the viewpoints and perspectives of stakeholders to develop fair, well-thought-out solutions that help create a sensible and equitable school funding system that meets the needs of Connecticut and all of its public school students.

In addition to the organization's school finance work, in November 2017, the Connecticut School Finance Project expanded its work to examine Connecticut's fiscal and economic health. This work includes taking an in-depth look into the State of Connecticut's tax revenue, spending, and long-term pension and debt obligations, with a mission to serve as a nonpartisan resource for state and local policymakers, community leaders, and all Connecticut citizens looking for transparent, accessible, and approachable information about the State's budget and finances.

For more information about the Connecticut School Finance Project, visit www.ctschoolfinance.org/about.

UPDATING HOW CONNECTICUT COUNTS LOW-INCOME STUDENTS

What is Free and Reduced Price Lunch (FRPL)?

"Free and Reduced Price Lunch" is a commonly used, informal name for the U.S. Department of Agriculture's National School Lunch Program (NSLP).¹ Connecticut students who are eligible for the National School Lunch and School Breakfast programs are generally referred to as being eligible for free or reduced price lunch, or "FRPL." The NSLP has an income threshold of 185 percent of the federal poverty guidelines (FPG), or \$46,435 per year for a family of four.²

How is FRPL currently used in the Education Cost Sharing (ECS) Formula?

In the Education Cost Sharing (ECS) formula, which is the primary means of distributing state education aid to Connecticut's public school districts, FRPL-eligibility is used as a proxy for counting low-income students. School districts receive an additional 30 percent of the ECS formula's foundation amount for students who are identified as FRPL-eligible. The ECS formula also includes a concentrated poverty weight, which, for districts with 75 percent or more of their enrolled students identified as FRPL-eligible, increases the foundation amount an additional five percent (for a total of 35 percent) for each student above the 75-percent level.³ These weights direct additional resources to districts based on the number and percentage of low-income students served.

What is the Community Eligibility Provision (CEP)?

The Community Eligibility Provision (CEP) of the federal Healthy, Hunger Free Kids Act of 2010 allows all students to receive no-cost meals if their school or district qualifies and participates.^{4,5} Since its introduction, CEP participation rates in Connecticut have increased annually and are likely to continue increasing as more eligible schools and districts adopt the program.⁶ For the 2018-19 school year, 66 districts and 267,620 (more than half) of Connecticut students were participating, eligible to participate, or near eligible to participate in CEP.⁷

Why does Connecticut need a new method for counting low-income students?

While CEP is a valuable nutrition program, it makes FRPL functionally unusable as a proxy for low-income students in the ECS formula because participating schools and districts are no longer required to individually count students who are eligible, making FRPL rates inaccurate.⁸ Additionally, despite the simplicity of using FRPL-eligibility to identify low-income students, researchers warn FRPL-eligibility may be an inaccurate proxy for low-income students. Instead, researchers suggest low-income students be identified using multiple income-verified measures.⁹ As a result, the ECS formula needs to be updated with a more accurate and more inclusive method for identifying low-income students to effectively direct resources to higher-need students.

What is direct certification?

Direct certification is a method by which students can be deemed eligible for no-cost school meals through the NSLP. This provision allows students who are categorically deemed at-risk of hunger to qualify for no-cost meals without needing to complete an application for FRPL.¹⁰ Connecticut school districts must directly certify students if they are enrolled in: the Supplemental Nutrition Assistance Program (SNAP), otherwise known as food stamps; Temporary Family Assistance (TFA), otherwise known as cash assistance; and state- or federally-funded Head Start programs.¹¹ These programs are "means-tested," in that they have income limits associated with obtaining services. Income limits vary by program and by state, but most are lower than the NSLP's income limit of 185 percent of the FPG and range from 36 percent of the FPG for TFA¹² to 201 percent of the FPG for HUSKY A, although only children who live in households at or below 130 percent of the FPG are directly certified for free lunch.^{13,14,15} Additionally, districts may directly code students as foster, homeless, migrant, or runaway youth to qualify them for direct certification.¹⁶ Beginning in 2018, students who live in households at or below 130 percent of the FPG and receive free Medicaid, known in Connecticut as HUSKY A, will also be directly certified for CEP but are identified at the state level. Children who live in households between 130 percent and 185 percent of the FPG and receive free Medicaid are directly certified for reduced price lunch, and are not counted in the Identified Student Percentage for the purposes of CEP eligibility.¹⁷

What is HUSKY A?

HUSKY A is Connecticut's federally subsidized medical insurance program (free Medicaid) for low-income families,¹⁸ which includes children from birth to age 19 and their caregivers.¹⁹ Families do not incur any costs for their children covered under HUSKY A.²⁰ Income limits to be covered by HUSKY A are 155 percent of the FPG per year for caregivers and 201 percent of the FPG for children.²¹ Roughly 93 percent of all eligible children in Connecticut participate in HUSKY A,²² surpassing the national average of 88 percent.²³

¹ U.S. Department of Agriculture, Food and Nutrition Service, Office of Policy Support. (2013). *Direct Certification in the National School Lunch Program State Implementation Progress, School Year 2012-2013, Report to Congress - Summary*. Washington, DC: Author. Retrieved from http://www.fns.usda.gov/sites/default/files/NSLPDirectCertification2013_Summary.pdf.

² Child Nutrition Programs: Income Eligibility Guidelines, 83 Fed. Reg. 20,788, 20,789 (May 8, 2018).

³ Conn. Acts 17-2 (June Special Session), § 226.

⁴ Healthy, Hunger-Free Kids Act of 2010, Pub. L. No. 111-296, § 104, 124 Stat. 3193, 3194-3201 (2010).

⁵ Connecticut State Department of Education. (2016, April 29). Community Eligibility Provision (CEP). Retrieved from <http://www.sde.ct.gov/sde/cwp/view.asp?a=2626&q=335336>.

⁶ Segai, B., Hewins, J., Sanderson, M., Nchako, C., Neuberger, Z., Cai, L., & Maurice, A. (2016). *Community Eligibility Adoption Rises for the 2015-16 School Year, Increasing Access to School Meals*. Washington: Center for Budget and Policy Priorities and the Food Resource Action Center. Retrieved from <http://frac.org/pdf/take-up-of-cep-report.pdf>.

⁷ Connecticut State Department of Education. (2018). *Community Eligibility Provision (CEP) Annual Notification of Local Educational Agencies (LEAs), Data for School Year 2018-19*. Hartford, CT: Author. Retrieved from <https://portal.ct.gov/-/media/SDE/Nutrition/CEP/CEPNotificationLEA.pdf?la=en>.

⁸ Connecticut School Finance Project. (2016). *Achieving a Better Proxy for Student Poverty in Connecticut*. New Haven, CT: Author. Retrieved from <http://ctschoolfinance.org/reports/student-poverty-proxy>.

⁹ National Forum on Education Statistics. (2015). *Forum Guide to Alternative Measures of Socioeconomic Status in Education Data Systems* (NFES 2015-158). Washington, DC: U.S. Department of Education, National Center for Education Statistics. Retrieved from <http://nces.ed.gov/pubs2015/2015158.pdf>.

¹⁰ Moore, Q., Conway, K., Kyler, B., & Gothro, A. (2013). *Direct Certification in the National School Lunch Program: State Implementation Progress, School Year 2012-2013, Report to Congress* (CN-13-DC). Washington, DC: U.S. Department of Agriculture, Office of Policy Support. Retrieved from <http://www.fns.usda.gov/sites/default/files/NSLPDirectCertification2013.pdf>.

¹¹ Connecticut State Department of Education. (2018). Direct Certification for School Nutrition Programs. Retrieved from <https://portal.ct.gov/SDE/Nutrition/Direct-Certification>.

¹² Bremby, Roderick. (2017). *State of Connecticut Temporary Assistance for Needy Families (TANF) State Plan, Federal Fiscal Years 2018, 201, & 2020*. Hartford, CT: State of Connecticut, Department of Social Services. Retrieved from <https://portal.ct.gov/-/media/Departments-and-Agencies/DSS/Reports/Misc-Reports/CT-TANF-State-Plan-2018-2020.pdf?la=en>.

¹³ State of Connecticut, Department of Social Services. (2018). *Connecticut HUSKY Health Program Annual Income Guidelines – effective for use July 1, 2018*. Hartford, CT: Author. Retrieved from <http://www.ct.gov/hh/lib/hh/pdf/HUSKYAnnualIncomeChart.pdf>.

¹⁴ U.S. Department of Health and Human Services, Office of the Assistant Secretary for Planning and Evaluation. (2018). Poverty Guidelines: U.S. Federal Poverty Guidelines Used Determine Financial Eligibility for Certain Federal Programs. Retrieved from <https://aspe.hhs.gov/poverty-guidelines>.

¹⁵ Yearwood, S. (2018, October 12). Personal Communication with the Executive Director of End Hunger Connecticut!.

¹⁶ Frassinelli, J. (2014, August 4). *Letter to Sponsors to the School Child Nutrition Programs RE: Direct Certification*.

¹⁷ Lees, V., & Cooper, T. (2016). *Using Medicaid Data to Connect Kids to Free & Reduced Price School Meals through Direct Certification* [PowerPoint slides]. Alexandria, VA: U.S. Department of Agriculture, Food and Nutrition Service. Retrieved from <https://s3.amazonaws.com/pnmresources/plD-342/topic-148953/912837432-Direct+Certification+with+Medicaid+Webinar+Handout.pdf>.

¹⁸ Section 370 of Conn. Acts 15-05 (June Special Session) changed the eligibility criteria for HUSKY A, non-pregnant adult caregivers. Based on this change (which reduced the eligibility cap from 201% of the federal poverty level to 155% of the FPL), fewer adults will be covered under HUSKY A. According to the Connecticut General Assembly's Office of Fiscal Analysis, about 24,000 adults will be transitioned to the healthcare exchange.

Connecticut General Assembly, Office of Fiscal Analysis. (2015). *Connecticut State Budget: FY 16 & FY 17 Budget*. Hartford, CT: Author. Retrieved from https://www.cga.ct.gov/ofa/Documents/year/BB/2016BB-20151007_FY%2016%20and%20FY%2017%20Connecticut%20Budget.pdf.

¹⁹ Conn. Gen. Statutes ch. 319v, § 17b-261, as amended by section 17 of Conn. Acts 15-69 and section 370 of Conn. Acts 15-05 (June 2015 Special Session).

²⁰ Ibid.

²¹ State of Connecticut, Department of Social Services. (2018). *Connecticut HUSKY Health Program Annual Income Guidelines – effective for use July 1, 2018*. Hartford, CT: Author. Retrieved from <http://www.ct.gov/hh/lib/hh/pdf/HUSKYAnnualIncomeChart.pdf>.

²² U.S. Department of Health & Human Services, Centers for Medicare & Medicaid Services. (n.d.). Medicaid & CHIP Participation Rates. Retrieved from <https://www.insurekidsnow.gov/campaign/participation-rates/index.html>.

²³ Ibid.